

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Mustang Resources Limited

ABN

34 090 074 785

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	- exploration and evaluation	(238)	(640)
	- development	(1,247)	(2,509)
	- production	-	-
	- administration	(369)	(652)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	(14)	(15)
1.6	Income taxes paid	-	-
1.7	JV Trust Accounts	-	-
	Net Operating Cash Flows	(1,868)	(3,816)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	• prospects		
	• equity investments		
	• other fixed assets	(45)	(636)
1.9	Proceeds (costs) from sale of:		
	• Project asset		
	• equity investments		
	• other fixed assets		
1.10	Loans (to)from other entities		
1.11	Refunds/(Payments) of Security Deposits		
	Net investing cash flows	(45)	(636)
1.13	Total operating and investing cash flows	(1,913)	(4,452)

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1.13	Total operating and investing cash flows (carried forward)	(1,913)	(4,452)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	477	477
1.15	Costs of the Issue	(19)	(64)
1.16	Proceeds from borrowings	897	897
1.17	Repayment of borrowings	-	(119)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	1,355	(1,191)
	Net increase (decrease) in cash held	(558)	(3,261)
1.20	Cash at beginning of quarter/year to date	1,007	3,712
1.21	Exchange rate adjustments to item 1.20	51	49
1.22	Cash at end of quarter	500	500

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	137
1.24 Aggregate amount of loans to the parties included in item 1.10	-
1.25 Explanation necessary for an understanding of the transactions	
Salaries, Directors Fees, Travel Reimbursements	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
- The Company entered into a funding agreement with Lanstead Capital LP for AU\$5.0 million. The first tranche closed during the quarter. The Company has received \$375,000 as the initial payment for this tranche with a total of \$2,125,00 being recorded as a financial asset in the Company's accounts, which will be reduced over the next 18 months as the Company receives monthly amounts. The Company issued 12,500,000 shares @ AU\$0.20 in respect to this first tranche. The second tranche is expected to close upon shareholder approval at the Company's General Meeting in February 2016.
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
- Nil

+ See chapter 19 for defined terms.

Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	0	0
3.2 Credit standby arrangements	0	0

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	200
4.3 Production	-
4.4 Administration	100
Total	450

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	500	1,007
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	500	1,007

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference securities				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	104,429,097	71,399,037		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	13,750,000	13,750,000		

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7.5	*Convertible debt securities (description) Convertible Notes	Number	⁺ Class	Conversion \$	Maturity
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted or redeemed				
7.7	Options & Performance Rights (description and conversion factor)			Exercise price	Expiry date
		149,253	Unlisted Options	\$0.2412	10 Nov 2017
		2,238,806	Unlisted Options	\$0.21	22 May 2017
		500,000	Unlisted Options	\$0.20	31 October 2016
		1,500,000	Unlisted Options	\$0.20	1 December 2016
		2,238,806	Unlisted Class A Performance Rights	-	1 July 2016
		1,119,403	Unlisted Class B Performance Rights	-	30 June 2018
		2,238,806	Unlisted Class C Performance Rights	-	1 July 2016
		1,119,403	Unlisted Class D Performance Rights	-	30 June 2018
		14,000,000	Unlisted Class E Performance Rights	-	31 December 2019
		14,000,000	Unlisted Class F Performance Rights	-	31 December 2019
		14,000,000	Unlisted Class G Performance Rights	-	31 December 2019
			All Performance Rights convert to fully paid ordinary shares on a 1:1 basis if performance criteria are achieved	Further details of performance criteria are set out in the Company's Annual Report for 2015.	
7.8	Issued during quarter				
7.9	Exercised during quarter				

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7.10	Expired during quarter				
7.11	Debentures (totals only)	0			
7.12	Unsecured notes (totals only)	0			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

Chris Ritchie

Chief Financial Officer

Date: 29 January 2016

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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